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Item 37 of the preliminary list*
Information from Non-Self-Governing Territories transmitted under Article 73 *e* of the Charter of the United Nations

Information from Non-Self-Governing Territories transmitted under Article 73 *e* of the Charter of the United Nations

Report of the Secretary-General

Summary

The present report was mandated by the General Assembly in its resolution 61/122 of 14 December 2006 and pertains to the transmittal of information from the administering Powers called for under Article 73 *e* of the Charter of the United Nations.

* A/62/50.

07-28600 (E) 160407

1. Under the terms of Article 73 *e* of the Charter of the United Nations, States Members of the United Nations that have or assume responsibilities for the administration of Territories whose peoples have not yet attained a full measure of self-government undertake to transmit regularly to the Secretary-General information relating to the economic, social and educational conditions in the Territories for which they are respectively responsible, other than those Territories to which Chapters XII and XIII apply. In addition, the General Assembly, in several resolutions, the most recent of which was resolution 61/122 of 14 December 2006, has requested the administering Powers concerned to transmit or continue to transmit to the Secretary-General the information prescribed in Article 73 *e* of the Charter, as well as the fullest possible information on political and constitutional developments in the Territories concerned.

2. The table annexed to the present report provides the dates on which information called for under Article 73 *e* of the Charter was transmitted to the Secretary-General for the year 2006.

3. The information transmitted under Article 73 *e* of the Charter follows in general the standard form approved by the General Assembly and includes information on geography, history and population and economic, social and educational conditions. In the case of Territories under the administration of New Zealand, the United Kingdom of Great Britain and Northern Ireland and the United States of America, the annual reports of the Territories also include information on constitutional matters. Additional information on political and constitutional developments on Tokelau is given by the representative of New Zealand during meetings of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

4. In compliance with the provisions of paragraph 5 of General Assembly resolution 1970 (XVIII) of 16 December 1963 and other relevant resolutions of the Assembly, including in particular resolution 60/110, the Secretariat has continued to use the information transmitted in the preparation for the Special Committee of working papers on each Territory. The Special Committee has taken this information into account in formulating its decisions on these Territories, which are set forth in the relevant chapters of the Committee's report to the Assembly at its current session (see A/61/23). The report also contains an account of the action taken by the Special Committee in implementation of resolution 1970 (XVIII) (ibid., chap. VIII).

5. **Recommendation: The information received from the administering Powers on the Non-Self-Governing Territories will be used in the preparation of the working papers of the Secretariat and discussed by the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples at its annual session.**

Annex

Dates of transmission of information under Article 73 *e* of the Charter of the United Nations and period covered[a]

	Information received in 2006		*Information received in 2007*	
	Date of transmission	*Period covered*	*Date of transmission*	*Period covered*
France				
New Caledonia[b]	3 January 2006	2005	18 January 2007	2006
New Zealand				
Tokelau	14 December 2005	2005	8 January 2007	2006
Spain				
Western Sahara[c]	—		—	
United Kingdom of Great Britain and Northern Ireland				
All British Non-Self-Governing Territories	—	—	—	
Anguilla	11 January 2006	2004-2005	9 January 2007	2006
Bermuda	12 January 2006	2005	11 January 2007	2006
British Virgin Islands	11 and 16 January 2006	2004-2005	8 January 2007 15 January 2007	2006
Cayman Islands	13 January 2006	2004-2005	15 January 2007	2006
Falkland Islands (Malvinas)	12 January 2006	2004-2005	8 January 2007 26 February 2007	2005-2006
Gibraltar	12 January 2006	2005	15 January 2007	2006
Montserrat	11 January 2006	2005	15 January 2007	2006
Pitcairn	11 January 2006	2004-2005	8 January 2007	2006
Saint Helena	12 January 2006	2005	8 January 2007	2005-2006
Turks and Caicos Islands	11 January 2006	2005	8 January 2007	2006
United States of America				
American Samoa	—		4 January 2007	2001
Guam	17 February 2006	2005	4 and 5 January 2007	2004-2006
United States Virgin Islands	17 January 2006	2005	4 January 2007	2000-2006

[a] For a preliminary list of Territories to which the Declaration on the Granting of Independence to Colonial Countries and Peoples (General Assembly resolution 1514 (XV) of 14 December 1960) applies, see *Official Records of the General Assembly, Eighteenth Session, Annexes*, addendum to agenda item 23 (A/54/46/Rev.1), annex I.

[b] According to its resolution 41/41 A of 2 December 1986, the General Assembly "considers that, in the light of the provisions of Chapter XI of the Charter of the United Nations and General Assembly resolutions 1514 (XV) and 1541 (XV), New Caledonia is a Non-Self-Governing Territory within the meaning of the Charter".

[c] On 26 February 1976, the Permanent Representative of Spain to the United Nations informed the Secretary-General that "the Spanish Government, as of today, definitely terminates its presence in the Territory of the Sahara and deems it necessary to place the following on record: ... (a) Spain considers itself henceforth exempt from any responsibility of an international nature in connection with the administration of the said Territory, in view of the cessation of its participation in the temporary administration established for the Territory ..." (A/31/56-S/11997). For the printed text, see *Official Records of the Security Council, Thirty-first Year, Supplement for January, February and March 1976*.

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Sixty-second session
Item 40 of the preliminary list*
Offers by Member States of study and training facilities for inhabitants of Non-Self-Governing Territories

Offers by Member States of study and training facilities for inhabitants of Non-Self-Governing Territories

Report of the Secretary-General

Summary

The present report is mandated by General Assembly resolution 61/124 and is a compilation of replies from Member States related to scholarships and training facilities available to the inhabitants of Non-Self-Governing Territories.

* A/62/50.

07-28606 (E) 100407 120407

I. Introduction

1. By General Assembly resolution 845 (IX) of 22 November 1954, Member States were invited to extend to the inhabitants of Non-Self-Governing Territories offers of facilities not only for study and training of university standard, but also for study at the post-primary level, as well as technical and vocational training of immediate practical value.

2. In accordance with General Assembly resolution 1696 (XVI) of 19 December 1961, offers extended under resolution 845 (IX) are communicated by the Secretariat to the administering Powers to enable them to give appropriate publicity to the offers in the Territories under their administration.

3. Information on scholarships offered by Member States under the programme is made available to prospective applicants. Reference to the programme is included in the thirty-third edition of the handbook entitled *Study Abroad*, published by the United Nations Educational, Scientific and Cultural Organization.

4. Under the terms of resolution 845 (IX) and subsequent resolutions,[1] the Secretary-General submits to the Assembly each year a report containing detailed information on the offers made and the extent to which they were utilized.[2] The present report, which covers the period from 24 March 2006 to 28 March 2007, is submitted in accordance with paragraph 5 of General Assembly resolution 61/124 of 14 December 2006.

II. Scholarship offers and awards

A. Offering States

5. Over the years, the 59 States Members of the United Nations listed below have offered to make scholarships available for the use of inhabitants of Non-Self-Governing Territories in response to the aforementioned resolutions:

Algeria, Antigua and Barbuda, Argentina, Australia, Austria, Bahamas, Barbados, Brazil, Bulgaria, Canada, Colombia, Cuba, Cyprus, Czech Republic, Egypt, Finland, Gabon, Germany, Ghana, Greece, Hungary, India, Iran (Islamic Republic of), Ireland, Israel, Italy, Jamaica, Japan, Libyan Arab Jamahiriya, Malawi, Malaysia, Malta, Mexico, New Zealand, Norway, Pakistan, Panama, Philippines, Poland, Portugal, Qatar, Romania, Russian Federation, Singapore, Sri Lanka, Sudan, Syrian Arab Republic, Sweden, Switzerland, Thailand, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Yugoslavia.

6. One non-member State has also offered scholarships:

Holy See

[1] The most recent resolutions adopted by the General Assembly on this question are resolutions 57/134, 58/105, 59/130, 60/113 and 61/124.

[2] For the most recent reports, see A/56/88, A/57/90 and Add.1, A/58/71, A/59/74, A/60/67 and A/61/66.

B. Offers and awards

Member States

Algeria

7. In a note verbale dated 21 February 2007, the Permanent Mission of Algeria to the United Nations informed the United Nations Secretariat that, for the year 2006-2007, the Government of Algeria offered students from Western Sahara 264 scholarships, as follows: 149 higher education scholarships, 104 vocational training scholarships, 7 judicial education scholarships and 4 religious education scholarships.

Argentina

8. In a note verbale dated 12 February 2007, the Permanent Mission of Argentina to the United Nations informed the Secretariat of the following views of the Government of Argentina:

> The United Kingdom illegally occupied the Malvinas Islands in 1833. The Argentine Republic immediately protested, and has never consented to that act of force. The United Kingdom established a colonial regime in the Islands, and registered this part of the Argentine territory as a Non-Self-Governing Territory in 1946.
>
> The United Nations, by General Assembly resolution 2065 (XX) and subsequent resolutions, as well as resolutions of the Special Committee on Decolonization, recognized the existence of a dispute between the Governments of the Argentine Republic and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the Malvinas Islands, South Georgia and South Sandwich Islands and the surrounding maritime areas, and invited both Governments to proceed without delay with the negotiations recommended by the Special Committee on Decolonization, bearing in mind the purposes and principles of the Charter of the United Nations, the provisions of General Assembly resolution 1514 (XV) and the interests of the population of the Malvinas Islands.
>
> Without prejudice to this and since the islands form part of the national Argentine territory, its inhabitants enjoy — just like the rest of the Argentine population — access to the educational system comprising free education at the primary, secondary and tertiary levels and the benefits of the national scholarship programme offered by the Ministry of Education of the Argentine Republic.

United Kingdom of Great Britain and Northern Ireland

9. In a note verbale dated 17 February 2007, the United Kingdom of Great Britain and Northern Ireland informed the Secretary-General that the number of students from Non-Self-Governing Territories who were given Chevening scholarships from 2006-2007 are as follows: Anguilla (1) and Montserrat (2).

United States of America

10. In a letter dated 15 February 2007, the Deputy Permanent Representative of the United States of America to the United Nations advised the Secretariat that: (a) the United States Government does not directly provide scholarships to students residing in the three United States-administered Non-Self-Governing Territories; (b) each of the United States-administered Non-Self-Governing Territories — American Samoa, Guam and United States Virgin Islands — possesses post-secondary educational and training facilities, including American Samoa Community College (www.ascc.as), Guam Community College (www.guam.net), and University of the Virgin Islands (www.uvi.edu). Each school affords enrolled students multiple scholarship and financial aid opportunities; (c) students residing in the three United States-administered Non-Self-Governing Territories may submit applications for financial aid and scholarships — academic, athletic, ethnic affiliation, etc. — to any United States institution of higher learning of their choice; (d) no statistical information is available on the numbers of scholarships granted to students residing in American Samoa, Guam and the United States Virgin Islands.

III. Applications made through the United Nations

11. In accordance with the procedure established by the General Assembly in its resolution 1696 (XVI), applications for scholarships received by the United Nations Secretariat from inhabitants of Non-Self-Governing Territories are transmitted simultaneously to the offering States for consideration and to the administering Powers for information.

12. From 24 March 2006 to 28 March 2007, the Secretariat received no requests from students for information on the availability of scholarships.

IV. Conclusion

13. Scholarships and training facilities offered by Member States to the inhabitants of Non-Self-Governing Territories represent a valuable contribution to their educational advancement.

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Sixty-second session
Item 129 of the preliminary list*
Review of the efficiency of the administrative and financial functioning of the United Nations

Progress and impact assessment of management improvement measures

Report of the Secretary-General

Summary

The present report responds to General Assembly resolution 54/236, in which the Assembly endorsed the recommendations of the Committee for Programme and Coordination and requested the Secretary-General to submit a biennial progress report on the efficiency of the administrative and financial functioning of the United Nations.

The report provides a systematic account of the progress achieved in line with the Secretary-General's management reform agenda and the strategy to implement further measures, with a view to strengthening the Organization's efficiency in order to fulfil more effectively its role and implement the principles set out in the Charter of the United Nations.

* A/62/50.

07-29234 (E) 190407

I. Introduction

1. The General Assembly, by its resolution 41/213 on the review of the efficiency of the administrative and financial functioning of the United Nations, set in motion a process of restructuring and reform aimed at strengthening the effectiveness of the Organization in order to enable it to fulfil more effectively its role and to implement the principles set out in the Charter. The present report addresses the objectives of resolution 41/213 pursuant to paragraph 2 of resolution 54/236, in which the Assembly endorsed the recommendations of the Committee for Programme and Coordination[1] and requested the Secretary-General to submit a biennial progress report on the review of the efficiency of the administrative and financial functioning of the United Nations through the appropriate intergovernmental bodies. In so doing, it focuses on the progress achieved in four main areas[2] of the Secretary-General's programme of reform and the management reform measures arising from the decisions made by Member States at the 2005 World Summit.

2. Because additional reports addressing the progress and impact of specific aspects of reform are scheduled for future transmittal to the General Assembly and progress achieved on previous management reform measures has already been covered in previous reports,[3] the present report provides a summary of key reform measures in order to avoid duplicating the content of previous and forthcoming reports to the Assembly.

II. Programme of reform

A. Information and communications technology

3. Progress achieved to date in the implementation of reforms related to information and communications technology has been concentrated in three main areas: (a) administrative and management processes; (b) knowledge-sharing; and (c) servicing of the United Nations organs and governing bodies. These three areas represent core activities of the Organization and are the building blocks necessary for the delivery of value-added service.

4. In the area of administrative and management processes, information and communications technology investments have enhanced operational efficiency by improving managerial decision-making and streamlining administrative workflows. For example, during 2005-2006, the Organization progressively provided the requisite information and communications technology infrastructure for all duty stations. The concept of "anytime/anywhere" is now a reality, as all United Nations staff are virtually guaranteed access to e-mail, Internet/Intranet, information sources

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[1] *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 16* (A/54/16).

[2] Information and communications technology, human resources management, budget and financial management and procurement.

[3] A/61/1; *United Nations Secretariat First Consolidated Report 2005* (United Nations publication, Sales No. E.06.I.35); A/61/129; A/60/692 and Corr.1; A/60/846/Add.1; A/61/765; A/61/64; A/61/228; A/61/255 and Add.1; A/60/310; A/61/257); A/61/590; A/61/318; A/59/253; A/59/264; A/60/846/Add.2; A/60/846/Add.3; A/60/846/Add.5; CEB/2006/HLCM/R.13; and CEB/2007/HLCM/7.

such as the Official Documents System (ODS), telecommunications and videoconferencing services.

5. As previously reported in the *United Nations Secretariat First Consolidated Report 2005*,[4] the Information Technology Services Division of the Department of Management enhanced policies on information and communications technology security and business continuity/emergency preparedness and, as a result, in March 2006 the Secretariat attained a certification on international standards for information security management (ISO27001), establishing it as the first in the United Nations system to receive such certification.

6. To enhance knowledge-sharing and strengthen collaboration among all offices, the Secretariat began standardizing the critical network infrastructure to support data communication among all duty stations. In addition, as previously reported in the report of the Secretary-General on the work of the Organization (A/61/1), in 2005 the Secretariat made great progress towards its goal of increased knowledge-sharing among all duty stations, Member States and the public at large by implementing free public access to the multilingual ODS on the Internet, which currently averages more than 7,000 daily hits.[4,5]

7. In order to provide better service to United Nations organs and governing bodies, during 2005-2006 the Secretariat made further progress in pursuit of integrated global management of conference services with the four major conference centres of the Department for General Assembly and Conference Management. Agreement was reached in various areas, with the ultimate goal of further streamlining conference-servicing operations through harmonized and standardized administrative and operational policies, practices and procedures. The main measures include proactive document management to ensure timely issuance of documentation and control and limitation of documentation; the introduction and refinement of a capacity calculation exercise in documentation processing as a way of linking workload projections with staffing resources; the establishment of a common terminology database for language staff with clearly defined areas of specialization among duty stations; and offering language staff a broad range of technological tools, including voice-recognition, computer-assisted and digital recording software for processing documents. With a view to providing enhanced meetings and documents planning and management support, the Electronic Meetings Planning and Resource Allocation System (eMeets), the documents information management operations system (DIMO) and the electronic document planning and monitoring system (e-DOC) were further developed, and e-DOC was migrated to a robust technology platform. These systems were deployed in the meetings and documents planning and servicing areas respectively in order to facilitate meeting and documentation processes and to support managerial decision-making through, inter alia, improved data availability.[5]

8. In response to recommendations of the Advisory Committee on Administrative and Budgetary Questions[6] and the Office of Internal Oversight Services (A/59/133 and Corr.1), the Department for General Assembly and Conference Management launched an information technology global initiative in 2006. As reported in

[4] United Nations publication, Sales No. E.06.I.35.

[5] See A/61/64 and A/61/129.

[6] *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 7* (A/58/7); and A/59/418.

document A/61/129, the primary goal is to identify a unified information technology strategy that will lead to a global standardized approach to support decision-making and real-time global access to data, satisfy client needs, and align more effectively with the information technology standards and strategies of the Secretariat.

9. In May 2006, the Secretary-General submitted detailed proposals for drastically overhauling the current information and communications technology structure and systems (A/60/846/Add.1). The report included, among other things, the progress and assessment of previous investments and problems encountered with recent technological innovation programmes. Having considered the report, the General Assembly endorsed the establishment of the post of Chief Information Technology Officer and the replacement of the Integrated Management Information System (IMIS) with a next-generation enterprise resource planning system or other comparable system.

10. On 27 February 2007, the Secretary-General submitted an interim report on the creation of a new Office of Information and Communications Technology to be headed by the Chief Information Technology Officer (A/61/765). The report proposes a governance framework for information and communications technology in the United Nations Secretariat meant to ensure the proper balance between centralized functions and those requiring delegation of authority.

11. In response to the request by the General Assembly for a detailed report[7] on the implementation of a new enterprise resource planning system or comparable system, the Secretariat initiated an in-depth and extensive analysis of existing information and communications technology infrastructure, systems, applications and business processes. The study covers the needs of all users of the administrative and management systems, including those at peacekeeping missions, other field-based operations, offices away from Headquarters and regional commissions, as requested in Assembly resolutions 60/260 and 60/283. The Secretariat has completed preliminary findings and will provide resource requirements for the upgrading of the Secretariat-wide information and communications technology system along with a timetable for consideration by the Assembly at its second resumed sixty-first session.

B. Budget and financial management practices

12. The following were the key improvements in the areas of budget, financial accounting and reporting, and treasury services during 2005 and 2006, as noted in previous reports:[8]

(a) A new budget information system that enables budget instructions to be posted directly on the Intranet (http://ppbd.un.org/rbb) together with facilities for the preparation and submission of budget proposals;

(b) Improvements in the cost and efficiency of travel services, with savings realized in the form of airline discounts of 25 per cent compared to 21 per cent in the previous biennium;

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[7] Outlined in resolutions 60/260, sect. IV, para. 1, and 60/283, sect. II, paras. 2, 3 and 5.

[8] A/61/64; *United Nations Secretariat First Consolidated Report 2005*, United Nations publication, Sales No. E.06.I.35.

(c) The Treasury implemented the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network, which led to increased automated payments and lower bank charges;

(d) The use of automation techniques has improved final consolidated financial statements, resulting in more time for review and verification of accounts and thus improved adherence to reporting deadlines;

(e) A new one-stop client service centre has provided staff and retirees with a single centre for all payroll, tax, insurance, after-service health insurance benefits and related entitlement issues;

(f) Proposals were submitted to the General Assembly in 2006 to increase the Working Capital Fund to ensure that United Nations cash reserves are adequate to meet financial obligations in a timely fashion. In July 2006, the Assembly approved a $50 million increase to bring the Working Capital Fund to a level of $150 million effective 1 January 2007.

13. The General Assembly approved adoption of International Public Sector Accounting Standards by the United Nations in July 2006. All United Nations System organizations are adopting the Standards by 2010, with three organizations (the World Health Organization, the World Food Programme and the International Civil Aviation Organization) adopting earlier, in 2008. Since the General Assembly's decision, the following progress has been made:

(a) A United Nations steering committee has been established, recruitment of a Standards project team is well under way, with two appointments already made, including a team leader, and United Nations staff are actively involved in the system-wide process to develop harmonized guidance and accounting policies. The Standards adoption team and enterprise resource planning team are linked to ensure that timetables and key milestones are integrated.

(b) An inter-agency funded project is in place to support Standards adoption system-wide. Responsibilities include the development of Standards-compliant accounting policies and guidance, support for system-wide communication, and monitoring of system-wide progress. Since July, the system-wide project has issued 19 policy and guidance papers, including Standards-compliant model financial statements applicable to United Nations system entities. Ten United Nations system-wide Standards accounting policies have been approved by the Task Force on Accounting Standards, the inter-agency group previously responsible for United Nations System Accounting Standards development. An agreed process is in place to solicit the views of the technical group of the Panel of External Auditors on accounting policies and guidance.

14. A second six-monthly Standards progress report (CEB/2007/HLCM/7) has been submitted to the High-level Committee on Management. The information collected shows that 73 per cent of organizations now have "in principle" support for the adoption of the Standards from their governing bodies. Fifty per cent of organizations have now developed implementation plans. One third of organizations have carried out an assessment to determine the extent to which the Organization's

accounting and computerized information systems will require upgrading or replacement in order to capture information required by Standards reporting.[9]

15. As requested in General Assembly resolution 58/269, the Secretary-General will report to the Assembly at its sixty-second session through the Committee for Programme and Coordination on the Secretariat's experience with the strategic framework and associated experimental changes to the planning and budgeting process. The same resolution requested the identification of resources for the performance of monitoring and evaluation functions, and accordingly plan and budget proposals continue to emphasize and draw upon these portions of the programme planning, budgeting, monitoring and evaluation cycle. Pursuant to resolution 61/245, a report will be submitted to the Assembly at its sixty-second session on a comprehensive review of results-based management at the United Nations.

C. Human resources management

16. Since the previous report of the Secretary-General to the General Assembly on the progress achieved on human resources management reform (A/59/263) and the report of the Office of Internal Oversight Services on the impact of human resources management reform (A/59/253), considerable improvements have been achieved in consolidating and expanding the human resources management reform programme. As reported in detail in document A/61/228, the major achievements to date include (a) a system of human resources planning that provides the Organization with workforce profiles and trends at the Secretariat and departmental levels; (b) streamlining of policies and rules and an electronic Human Resources Handbook; (c) an enhanced staff selection system; (d) a policy on organizational mobility; (e) an organizational competency model containing core values and managerial competencies which has been progressively integrated into all human resources systems; and (f) an enhanced performance appraisal system (e-PAS) based on best practices.

17. As previously reported,[10] some of the accomplishments during 2005-2006 include the following:

(a) The Human Resources Handbook is updated on a regular basis and provides up-to-date text of Staff Regulations and Rules and all administrative issuances and circulars relevant to human resources management. Guidelines for practitioners are posted and updated regularly;

(b) Enhancement of Galaxy, which now includes a roster management module to assist programme managers with the review of roster candidates; vacancy announcements for the 200 and 300 series of Staff Rules; pertinent information for selection decisions and the creation of a more flexible managed reassignment programme for staff at the P-2 level. Additionally, the system has improved access to potential applicants worldwide. As of 2006, applications were received from 191

[9] Further information on system-wide Standards adoption is available at https://fb.unsystemceb.org/reference/05 and in the first progress report submitted to the High-level Committee on Management (CEB/2006/HLCM/R.13).

[10] A/61/228; A/61/255 and Add.1; A/60/310; A/61/257; A/61/590; A/61/318; A/59/253; A/59/264.

Member States and the number of applications has risen from approximately 50,000 per year to a current high of about 350,000 annually;

(c) Enhancements to staff development programmes, including the introduction of a new programme for senior women leaders; new organizational development tools that model effective management and departments; and a programme to foster a shared understanding of the meaning of ethics, integrity, transparency and accountability. Greater access to staff development programmes was made available to staff members through the online provision of e-learning tools.

18. In the context of enhancing the way the Organization manages and develops its human resources system and as requested by the heads of State at the 2005 World Summit, the Secretary-General, in his report on investing in people (A/61/255), provided an analysis of the impact of past and future reforms and the rationale for change to further enhance human resources management reform. The report outlined an integrated set of proposals along with specific accountability measures, a timeline for implementation and resource implications. Following the recommendations made by the Advisory Committee on Administrative and Budgetary Questions, the General Assembly, in its resolution 61/244, provided guidance on furthering the reform of human resources management and requested elaboration of some of the proposals submitted by the Secretary-General.

19. Furthermore, in response to resolution 61/244, the Secretary-General will submit reports at the Assembly's resumed sixty-first session on the implementation of the proposed contract arrangements; recruitment and staffing; harmonization of conditions of service; and reform of Field Services. In addition, follow-up reports on the progress achieved in the implementation of enhanced measures will be submitted on a number of topics at the sixty-third session, including national competitive examinations; mobility; leadership and management capacity; measures to improve equitable geographical distribution; gender representation; and the human resources information system.

D. Procurement

20. In 2005-2006, the Secretary-General took concrete measures towards procurement reform in the areas of (a) strengthening internal control measures; (b) optimizing United Nations acquisition and procurement management; and (c) strategic management of United Nations procurement. The report of the Secretary-General on procurement reform (A/60/846/Add.5 and Corr.1) provides full details on the above-mentioned initiatives along with a strategy and timeline for their achievement. In accordance with Assembly resolution 61/246, the Assembly will have before it at its resumed sixty-first and sixty-second sessions progress and comprehensive reports on the following procurement activities: (a) proposals related to the issue of conflicts of interest and procurement opportunities for developing countries and countries with economies in transition; (b) all aspects of procurement reform, including governance; (c) simplification and streamlining of vendor registration and guidelines for the implementation of best value for money methodology.

III. Conclusion

21. **The General Assembly may wish to take note of the present report.**

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Scale of assessments for the apportionment of the expenses of the United Nations

Multi-year payment plans

Report of the Secretary-General

Summary

In its resolution 57/4 B, the General Assembly endorsed the conclusions and recommendations of the Committee on Contributions concerning multi-year payment plans, and, in its resolutions 58/1 B, 59/1 B, 60/237 and 61/237, it reaffirmed that endorsement. In that connection, the Committee recommended that the Secretary-General be requested to provide information on the submission of such plans to the Assembly, through the Committee on Contributions. It also recommended that the Secretary-General be requested to submit an annual report to the Assembly, through the Committee on Contributions, on the status of the payment plans of Member States as at 31 December each year. The present report is submitted in compliance with those requests and provides information on payment plans/schedules submitted earlier by Georgia, Liberia, the Niger, Sao Tome and Principe and Tajikistan and on the status of implementation of those plans as at 31 December 2006.

The General Assembly may wish to take note of the present report and encourage Member States with significant arrears in contributions to consider submitting a multi-year payment plan.

* A/62/50.

07-29264 (E) 200407

I. Introduction

1. In its resolution 56/243 A, the General Assembly, inter alia, recognized that multi-year payment plans, subject to careful formulation, could be helpful in allowing Member States to demonstrate their commitment under Article 19 of the Charter of the United Nations to pay their arrears, thereby facilitating the consideration of applications for exemption by the Committee on Contributions, and requested the Secretary-General to propose guidelines for such multi-year payment plans through the Committee on Contributions.

2. After considering the report of the Secretary-General on multi-year payment plans[1] at its sixty-second session in 2002,[2] the Committee on Contributions agreed that Member States should be encouraged to submit such plans, which constitute a useful tool for reducing their unpaid assessed contributions and a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations. The Committee recognized in that regard that due consideration should be given to the economic position of Member States, as not all of them might be in a position to submit such plans, and recommended that multi-year payment plans should remain voluntary and should not be automatically linked to other measures.

3. The Committee also recommended that Member States considering a multi-year payment plan submit such plans to the Secretary-General for the information of other Member States and be encouraged to consult the Secretariat for advice in their preparation. In that context, it was suggested that the plans of Member States:

(a) Provide for annual payment of current-year assessments and a part of their arrears;

(b) Where possible, generally provide for the elimination of arrears within a period of up to six years.

4. The Committee further recommended that the Secretary-General be requested to provide information on the submission of payment plans to the General Assembly, through the Committee, and that the Secretary-General also be requested to submit an annual report to the Assembly, through the Committee, on the status of such plans as at 31 December each year.

5. The Committee also recommended that, for those Member States that are in a position to submit a payment plan, the Committee and the General Assembly take the submission of a plan and its status of implementation into account as one factor when they consider requests for exemption under Article 19 of the Charter.

6. In paragraph 1 of its resolution 57/4 B, the General Assembly endorsed the above conclusions and recommendations contained in the report of the Committee.[2] In its resolutions 58/1 B, 59/1 B, 60/237 and 61/237, the Assembly reaffirmed paragraph 1 of resolution 57/4 B. The first annual report of the Secretary-General on multi-year payment plans[3] was considered by the Assembly at its fifty-eighth

[1] A/57/65.

[2] See *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 11* (A/57/11), chap. IV.A, paras. 17-23.

[3] A/58/63.

session, the second annual report[4] at its fifty-ninth session, the third annual report[5] at its sixtieth session and the fourth annual report at its sixty-first session.[6]

II. Submission of multi-year payment plans

7. Subsequent to the issuance of the fourth annual report, Liberia submitted payment plans under cover of letters dated 19 August 2005 and 9 May 2006 addressed to the Chairman of the Committee on Contributions. Payment plans or schedules had been submitted earlier by Georgia in 2003 (its fourth), Iraq in 2005 (its first), the Niger in 2004 (its first), Moldova in 2001 (its third), Sao Tome and Principe in 2002 (its first) and Tajikistan in 2000 (its first).The most recent schedule proposed by the Government of Moldova, as outlined in the fourth annual report, was fully implemented in 2005. A lump-sum payment by Iraq in 2005 also resulted in full implementation of its plan in advance of the deadline dates specified in the fourth annual report.

8. In the announcement concerning the sixty-seventh session of the Committee on Contributions, to be included in the *Journal of the United Nations* from 19 March to 22 May 2007, the Secretariat has invited Member States considering the submission of a multi-year payment plan to contact the Secretariat for further information. In addition, in the note issued pursuant to paragraph 3 of General Assembly resolution 60/237 concerning the application of Article 19 of the Charter, attention was also drawn to the provisions of resolution 57/4 B. Should any other payment plans be submitted, related information will be provided in an addendum to the present report or in the report to be submitted to the Assembly at its sixty-second session.

9. The plans submitted by Georgia, the Niger, Sao Tome and Principe and Tajikistan had durations of 10, 9, 8 and 11 years, respectively. For the purposes of the present report, payments are taken to include cash payments by the Member States concerned, together with the application of any credits to their accounts arising during the period concerned. Related information is provided below.

Georgia

10. At the special session of the Committee on Contributions in 1999, the Government of Georgia indicated to the Committee that it intended to submit a schedule of future payments. It did so in 2000, at the sixtieth session of the Committee. At the sixty-first session of the Committee in 2001, the Government of Georgia submitted a revised schedule. Under cover of his letters of 4 May 2002 and 17 May 2003 addressed to the President of the General Assembly, the Minister for Foreign Affairs of Georgia submitted further revisions of the schedule. Those submissions are summarized in table 1 below.

[4] A/59/67.
[5] A/60/66.
[6] A/61/68.

Table 1

(United States dollars)

	Schedule proposed in			
	2000	*2001*	*2002*	*2003*
2000	180 000			
2001	707 104	801 300		
2002	707 104	711 549[a]	671 818	
2003	707 104	711 549[a]	1 260 272[a]	
2004	1 060 656	1 067 324[a]	1 260 272[a]	776 229
2005	1 060 656	1 067 324[a]	1 260 272[a]	776 229
2006	1 414 208	1 423 094[a]	1 260 272[a]	776 229
2007	1 414 208	1 423 094[a]	1 260 272[a]	776 229
2008				776 229
2009				776 229
2010				776 229
2011				776 229
2012				776 229
2013				776 229

[a] Plus contributions for the current year.

11. If fully implemented, the most recent schedule proposed by the Government of Georgia would involve payments totalling $7,762,290, which would reduce Georgia's outstanding assessed contributions at the end of 2013 to its total assessments for the period from 2007 to 2013 minus $413,307.

Liberia

12. In a letter dated 12 July 2005, the National Transitional Government of Liberia submitted a payment schedule by which it proposed to make a contribution in the amount of $50,000 every two months, beginning October 2005. In a letter dated 19 May 2006, the Government of Liberia submitted a revised payment plan taking into account the current level of national revenues and priorities. The new plan called for quarterly payments starting in June 2006. The payment schedules are reflected in table 2 below

Table 2

(United States dollars)

	Schedule proposed in	
	2005	*2006*
2005	100 000	—
2006	[a]	150 000
2007	[a]	[b]

[a] Payment of $50,000 every two months beginning in October 2005.
[b] Payment proposals to be submitted annually.

13. In the letter transmitting the payment plan of 19 May 2006, the Chargé d'affaires a.i. of the Permanent Mission of Liberia to the United Nations had indicated that the Permanent Mission would submit a revised payment plan for 2007 in January 2007. However, as at the date of the writing of the present report, the revised plan has not yet been submitted.

Niger

14. In a note verbale dated 22 March 2004, the Permanent Mission of the Niger to the United Nations submitted a proposed schedule for the payment of its assessed contributions. The schedule is summarized in table 3 below.

Table 3

	Payment (United States dollars)
2004	18 000
2005	40 000
2006	45 000
2007	50 000
2008	70 000
2009	98 000
2010	98 000
2011	98 000
2012	30 000

15. If fully implemented, the above schedule would involve payments totalling $547,000 over the period from 2004 to 2012. If that amount is received during the period from 2004 to 2012, it will reduce the Niger's outstanding assessed contributions at the end of 2012 to the total of its assessments during the period from 2007 to 2012 minus $74,815.

Sao Tome and Principe

16. Under cover of his letter of 17 May 2002 addressed to the President of the General Assembly, the Chargé d'affaires a.i. of Sao Tome and Principe to the United Nations submitted the calendar of future payments shown in table 4 below.

Table 4

	Payment (United States dollars)
2002	27 237
2003	42 237
2004	59 237
2005	74 237
2006	89 237
2007	114 237
2008	134 237
2009	153 752

17. If fully implemented, the schedule proposed by the Government of Sao Tome and Principe would involve payments totalling $693,896. If that amount is received during the period from 2002 to 2009, it will reduce Sao Tome and Principe's outstanding assessed contributions at the end of 2009 to its total assessments during the period from 2007 to 2009 plus $5,546.

Tajikistan

18. In his letter of 15 September 2000 to the President of the General Assembly, the Prime Minister of Tajikistan indicated that his Government had paid $65,250.76 in 2000 and proposed a plan for the phased reduction of its arrears, which is summarized in table 5 below.

Table 5

	Payment (United States dollars)
2000	65 251
2001	67 822
2002	67 822
2003	67 822
2004	67 822
2005	67 822
2006	203 466
2007	203 466
2008	203 467
2009	203 467
2010	203 467

19. If fully implemented, the schedule proposed by the Government of Tajikistan would involve payments totalling $1,421,694. If that amount, which has already been exceeded, had been received during the period from 2000 to 2010, it would have reduced Tajikistan's outstanding assessed contributions at the end of 2010 to $1,220,269 plus its total assessments during the period 2007-2010.

Other Member States

20. As noted by the Committee in its report on its sixty-sixth session,[7] the Committee recalled that the Central African Republic had indicated in 2003 its plans to submit a schedule of payments of arrears at a later date. The Committee had also recalled that, in the context of its request for exemption under Article 19 of the Charter in 2004, the Central African Republic had indicated that its Finance and Budget Ministry was in the process of drawing up a long-term calendar of debt payments that it intended to announce very soon. No further information had been received since then, although, in the context of its request for exemption under Article 19 in 2006, the representative of the Central African Republic indicated that the issue of the payment of arrears to the United Nations was under consideration by his Government.

21. The Committee also recalled that, in the context of its request for exemption under Article 19 in 2004, Guinea-Bissau[8] had indicated that it would keep the issue of multi-year payment plans under continuous consideration and, as the country's situation normalized, would establish such a plan as a matter of priority. In the context of its request for exemption under Article 19 in 2005, Guinea-Bissau indicated that it would keep the issue of multi-year payment plans under continuous consideration and, as the country's situation normalized, would establish such a plan as a matter of priority and inform the General Assembly accordingly. In the context of its request for exemption under Article 19 in 2006, Guinea-Bissau indicated that, if its efforts at debt relief are successful and if a donor round-table conference is held as scheduled in November 2006, it would be in a position to submit a multi-year payment plan as previously envisaged. As at the date of the writing of the present report, no payment plan has yet been submitted.

22. No other Member States have so far submitted payment plans or schedules for the elimination of their arrears.

III. Status of payment plans of Member States as at 31 December 2006

23. The status of implementation of the most recent payment plans submitted by Georgia, Liberia, the Niger, Sao Tome and Principe and Tajikistan as at 31 December 2006 is summarized in table 6 below, in United States dollars. The plans proposed by Iraq and Moldova have been excluded, as those Member States had made the payments envisaged in their payment plans and no longer fell under the provisions of Article 19 of the Charter.

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[7] *Official Records of the General Assembly, Sixty-first Session, Supplement No. 11* (A/61/11), para. 70.

[8] Ibid., para. 71.

Table 6
Status of payment plans as at 31 December 2006
(United States dollars)

	Georgia				*Liberia*			
	Most recent plans	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*	*Payment plan*	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*
1999				7 205 324				1 147 524
2000		116 120	184 443	7 188 001		31 506	70 192	1 108 838
2001		87 686	302 218	6 973 469		16 166	630	1 124 374
2002		114 552	70 298	7 019 723		17 137	5 465	1 136 046
2003		97 200	14 759	7 102 164		17 124	1 636	1 151 534
2004	776 229	79 750	899 929	6 281 985		20 932	2 899	1 169 567
2005	776 229	87 328	777 744	5 591 569		24 264	202	1 193 629
2006	776 229	79 741	792 473	4 878 837	150 000	23 024	100 453	1 116 200
2007	776 229							
2008	776 229							
2009	776 229							
2010	776 229							
2011	776 229							
2012	776 229							
2013	776 229							

	Niger				*Sao Tome and Principe*			
	Payment plan	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*	*Payment plan*	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*
1999				334 149				570 783
2000		27 082	95	361 136		13 543	48	584 278
2001		14 483	318	375 301		14 254	157	598 375
2002		15 723	3 233	387 791	27 237	15 723	29 146	584 952
2003		17 124	950	403 965	42 237	17 124	929	601 147
2004	18 000	20 932	28 296	395 971	59 237	20 932	1 559	620 520
2005	40 000	24 264	41 436	378 799	74 237	24 264	202	644 582
2006	45 000	23 024	453	401 370	89 237	23 024	453	667 153
2007	50 000				114 237			
2008	70 000				134 237			
2009	98 000				153 752			
2010	98 000							
2011	98 000							
2012	30 000							
2013								

	Tajikistan			
	Payment plan	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*
1999				2 436 208
2000	65 251	63 507	205 389	2 294 326
2001	67 822	18 727	296 251	2 046 802
2002	67 822	22 205	306 961	1 765 046
2003	67 822	19 439	296 628	1 487 857
2004	67 822	26 183	400 955	1 113 085
2005	67 822	29 111	65 957	1 076 239
2006	203 466	26 583	107 184	995 638
2007	203 466			
2008	203 467			
2009	203 467			
2010	203 467			
2011				
2012				
2013				

24. The Government of Tajikistan has once again significantly exceeded the payments and credits for the period from 2000 to 2006 foreseen in its schedule. Payments and credits totalling $1,679,325 were applied during that period, compared with the anticipated payments totalling $607,827 for those years set out in its schedule. In fact, the payments and credits applied already exceed the total amount foreseen in Tajikistan's schedule. Were the Government of Tajikistan nevertheless to make the payments currently indicated in its schedule for the period from 2007 to 2010 (a total of $813,867), its outstanding assessed contributions at the end of 2010 would amount to $181,771 plus the amount of its assessments during the period from 2007 to 2010.

25. Payments by the Government of Sao Tome and Principe foreseen for the period from 2002 to 2006 in its schedule of payments ($292,185) significantly exceeded the amounts actually received and applied in those years ($32,289). As a result, were the Government of Sao Tome and Principe to make the payments currently indicated in its schedule for the period from 2007 to 2009 ($402,226), its outstanding assessed contributions at the end of 2009 would amount to its assessments during the period from 2007 to 2009 plus $264,927.

26. Payments and credits by Georgia applied to its outstanding assessed contributions in 2006 exceeded the amount foreseen in its payment plan. Were the Government of Georgia to make the payments currently indicated in its schedule for the period from 2007 to 2013 ($5,433,603), its outstanding assessed contributions at the end of 2013 would amount to its assessments for the period from 2007 to 2013 minus $554,766.

27. Payments and credits by the Niger fell short of the amount foreseen in its payment plan. Were the Government of the Niger to make the payments currently indicated in its schedule for the period from 2007 to 2012 ($444,000), its

outstanding assessed contributions at the end of 2012 would amount to its assessments for the period from 2007 to 2012 minus $42,630.

IV. Conclusions and recommendations

28. **The General Assembly may wish to take note of the present report and encourage Member States with significant arrears in contributions to consider submitting a multi-year payment plan.**

United Nations A/62/71-E/2007/46

General Assembly
Economic and Social Council

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General Assembly
Sixty-second session
Items 50, 54 (a), 54 (b), 54 (c), 55, 58 (a), 64 (a) and 119 of the preliminary list*

Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

Macroeconomic policy questions: international trade and development; international financial system and development; external debt crisis and development

Follow-up to and implementation of the outcome of the International Conference on Financing for Development

Globalization and interdependence: globalization and interdependence

Social development: implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly

Follow-up to the outcome of the Millennium Summit

Special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development
New York, 16 April 2007

Substantive session of 2007
Geneva, 2-27 July 2007
Item 6 (a) of the provisional agenda**
Implementation of and follow-up to major international United Nations conferences and summits: follow-up to the International Conference on Financing for Development

Letter dated 4 April 2007 from the Permanent Representative of Spain to the United Nations addressed to the Secretary-General

I have the honour to transmit a document containing a summary of the proceedings of the Intergovernmental Conference on Middle-Income Countries held in Madrid on 1 and 2 March 2007 (see annex). The Conference was organized by the Ministry of Foreign Affairs and Cooperation of Spain and the Department of Economic and Social Affairs of the Secretariat of the United Nations. It was attended by more than 80 delegations, including 51 delegations from middle-income countries, together with representatives of developed countries, international organizations and financial institutions.

* A/62/50.
** E/2007/100.

07-29921 (E) 110407 120407

I should appreciate it if you would circulate this letter and its annex as a document of the General Assembly and the Economic and Social Council.

In the case of the General Assembly, I should be grateful if you would have this letter and its annex circulated as a document of the sixty-second session under items 50; 54 (a), (b) and (c); 55; 58 (a); 64 (a); and 119 of the preliminary list.

With respect to the Economic and Social Council, I should appreciate it if this letter and its annex could be circulated both for the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development to be held on 16 April 2007 and for the upcoming substantive session of the Council to be held in Geneva from 2 to 27 July 2007 under item 6 (a) of its provisional agenda.

(*Signed*) Juan Antonio **Yáñez-Barnuevo**

Annex to the letter dated 4 April 2007 from the Permanent Representative of Spain to the United Nations addressed to the Secretary-General

Summary of the proceedings of the Intergovernmental Conference on Middle-Income Countries

The Intergovernmental Conference on Middle-Income Countries was held in Madrid on 1 and 2 March 2007. It was organized by the Ministry of Foreign Affairs and Cooperation of Spain and co-sponsored by the Department of Economic and Social Affairs of the Secretariat of the United Nations. It was attended by more than 80 delegations, including 51 delegations from middle-income countries, together with representatives of developed countries, international organizations and financial institutions.

Opening session

The Conference was opened by Miguel Ángel Moratinos, Minister for Foreign Affairs and Cooperation of Spain, who welcomed the delegations and thanked them for attending. The Minister made a presentation regarding progress achieved by Spain's cooperation programmes in recent years. He underlined the commitment assumed by Spain, together with the rest of the international community, to making the Millennium Development Goals a reality. In that regard he stressed the major quantitative and qualitative leap in Spanish cooperation efforts, with the result that its official development assistance would equal 0.5 per cent of GDP by the end of 2008. Turning to the theme of the Conference, he pointed out that, although the international community had managed to put together an agenda to accelerate progress in the poorest countries, it had not made similar advances with respect to cooperation with middle-income countries (MICs). There were, however, good reasons why the international community should try to make up that deficit by providing support to the development efforts of MICs, not only because of the importance of the countries that fell into that category, but also because their development could have a positive impact on the international system as a whole. The purpose of the Conference was to address that challenge in a concerted fashion and to explore more deeply the rationale for, the content of and possible ways and means of implementing international cooperation with MICs.

José Antonio Ocampo, United Nations Under-Secretary-General for Economic and Social Affairs, stressed that the first reason for supporting middle-income countries was the common goal of combating poverty, since a significant proportion of the world's poor resided in those countries. Cooperation with MICs was also justified as a way of improving their ability to integrate more fully and advantageously into international markets, bolstering their contribution to international and regional public goods, enhancing their capacity to serve as hubs for development in their regions and creating a system of international cooperation with incentives compatible with the goal of development. With a reference to the background document prepared for the Conference, the Under-Secretary-General pointed out three critical areas for cooperation with MICs. A prime objective was that MICs should develop an efficient and credible institutional framework, which would entail taking action to address the divisions in their social fabric and providing Governments with resources sufficient to implement public policies

directed to that goal. Secondly, it was necessary to improve the financial stability of the middle-income countries, which would entail securing adequate space for countercyclical macroeconomic policies and developing deeper domestic financial markets; it would also entail reforms in the international system to make it more effective in preventing crises. Lastly, there was a need to empower MICs to achieve sustainable growth over the long term, which would require consolidating productive specialization in dynamic sectors with greater value-added and higher technological content. To facilitate that process, progress would need to be made in the Doha Round in putting an end to measures distorting trade.

Rodrigo de Rato, Managing Director of the International Monetary Fund (IMF), alluded to the efforts that IMF was making to introduce policies favourable to middle-income countries. He pointed out that during the past four years MICs had grown more than 50 per cent faster than they had during the preceding decade, as a result of their greater openness to trade and their capacity to attract private capital. However, they still faced the challenge of moving ahead more rapidly in reducing poverty. According to a recent study by the World Trade Organization (WTO) and the International Labour Organization (ILO), trade liberalization and educational policies had a positive impact on growth, and that suggested two areas that MICs could work on. In that regard, he stressed the importance of making progress on multilateral trade agreements during the Doha Round. He also emphasized the importance of strengthening capital markets, which would entail new rules, as it also in some cases brought new vulnerabilities. Reducing the risks would require sound macroeconomic policies and credible institutional frameworks. IMF would support those processes, but was not in favour of bail-outs, which could create problems of moral hazard. Lastly, he described some of the policies IMF had introduced that were of benefit to MICs, including: (i) ongoing surveillance of national economies and the international financial system; (ii) review of crisis prevention instruments and the development of new financial facilities; (iii) reform of the Fund's governance structure to give a stronger voice to MICs such as China, Mexico and Turkey.

Supachi Panitchpakdi, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), pointed out that, in view of the heterogeneity that characterized the middle-income countries, it was helpful to subdivide them into more homogeneous subgroups. UNCTAD had identified five broad categories of MICs. The first category comprised a group of newly industrializing countries such as the Republic of Korea, Singapore and Taiwan Province of China that had achieved a considerable degree of industrial maturity through the rapid accumulation of capital, a rise in industrial employment, productivity growth and exports. The second category comprised newly industrializing economies such as Malaysia and Thailand that had made the transition from resource-based and labour-intensive production to specialization in products with medium and high technological content and greater value-added. In third category were placed countries such as Argentina, Brazil, Mauritius, Mexico, South Africa and Turkey that had made progress in moving away from production of primary commodities towards labour-intensive manufacturing. The fourth category consisted of countries, including some African and Latin American countries, that had reached a certain level of industrialization but were not yet able to sustain a dynamic industrialization process. The fifth category comprised countries such as Angola, Bolivia, Guatemala and Sri Lanka that continued to base their growth on the exploitation of natural

resources; the problems they faced differed little from those of the least developed countries. He also reported that in its efforts to design strategies for development UNCTAD was working with WTO and the International Trade Centre to promote the progress of low-income and low middle-income countries, primarily in Africa, through assistance in the area of trade and through promotion of small and medium-sized enterprises under its Empretec programme.

Following the opening presentations, the Conference turned to consideration of the four key topics; the debate was structured as follows:

First session: Cooperation with middle-income countries: the role of donors and international organizations

Moderator: Mr. Francisco E. Laínez, Minister for Foreign Affairs, Republic of El Salvador

Introductory speakers: Mr. Enrique Iglesias, Secretary-General of the Ibero-American Secretariat (SEGIB); and Mr. Victor Manuel Barbosa, Minister for Foreign Affairs, Cooperation and Communities, Cape Verde

Second session: Financial stability in middle-income countries

Moderator: Mr. David Vegara, Secretary of State for Economic Affairs, Ministry of Economic and Financial Affairs, Spain

Introductory speaker: Mr. Chalongphob Sussangkarn, President of the Thailand Development Research Institute

Third session: trade integration and competitive advantages of middle-income countries

Moderator: Mr. Jean Ping, Deputy Prime Minister and Minister for Foreign Affairs, Gabon

Introductory speakers: Mr. Munir Akram, Ambassador, Permanent Representative of Pakistan to the United Nations and Chairman of the Group of 77 in New York; and Mr. Kevin Casas, Second Vice-President and Minister for Planning, Costa Rica

Fourth session: Social cohesion and democratic governance

Moderator: Ms. Leire Pajín Iraola, Secretary of State for International Cooperation, Spain

Introductory speakers: Mr. François Bourguignon, Chief Economist and Senior Vice President for Development Economics, World Bank; Mr. Richard Manning, Chairman of the Development Assistance Committee, Organisation for Economic Co-operation and Development (OECD); and Mr. Joao Cravinho, Secretary of State for Foreign Affairs and Cooperation, Portugal

In each session the introductory statements were followed by an extensive debate. The most significant contributions to the debates are summarized below, organized by topic.

Cooperation with middle-income countries: the role of donors and international organizations

The main contributions to the debate on this topic were as follows:

(1) Frequent reference was made to the significant heterogeneity of the group of countries categorized as middle-income, which suggested the need to define more homogenous subgroups to shape donor policies.

(2) Beyond the heterogeneity mentioned, many delegations agreed that it was appropriate to tailor a specific approach to MICs, since their conditions and needs were not the same as those of the poorest countries. In that regard, the timeliness of the Conference was often mentioned.

(3) Both in classifying countries and in defining donor approaches, it was considered appropriate to go beyond the criterion of per capita GDP and incorporate such other variables as the efforts a country had made to progress towards the Millennium Development Goals, its achievements in the area of democratic governance and respect for human rights, its contribution to environmental conservation and world peace or its transparency and efficiency in management of aid resources.

(4) Several delegates agreed on the relevance of the three problem areas noted in the report prepared for the Conference, which referred to the three basic vulnerabilities that MICs suffered from (social and institutional vulnerability, financial vulnerability and productive vulnerability).

(5) On the basis of the agreement expressed surrounding these three problem areas, it was also felt to be appropriate to consider the effect that migratory pressures were having on MICs and the resulting effects in terms of loss of human capital and receipt of remittances.

(6) It was agreed that international cooperation with MICs should be directed at increasing the degree of autonomy (policy space) of those countries in the design and execution of their own development strategies. The need to reduce the conditionality of cooperation policies and to support the process of ownership of development by the beneficiaries was stressed.

(7) Various delegations underlined that it was appropriate to base cooperation on a better and more balanced dialogue between donors and recipients, while making progress on the principles defined by the Paris Conference for the achievement of effective cooperation (ownership, harmonization, mutual accountability and managing for results).

(8) Given the relatively high level of development of MICs, it was felt that they could be of particular importance in giving impetus to South-South cooperation modalities, involving the countries themselves in the design and execution of cooperation activities, through support for horizontal and triangular cooperation.

(9) Although the Millennium Development Goals constitute essential objectives, several delegations stressed the possibility that MICs could advance towards targets even more ambitious than the Goals, incorporating other aspirations for social and economic progress in those countries. It would therefore be appropriate to establish new parameters to measure their efforts.

(10) It was agreed that an effort should be made to adapt cooperation instruments to the conditions in MICs. Formulas of the "Poverty Reduction Strategy" type did not always appear to be the most appropriate: the relatively small amount of assistance and the greater institutional capacity of the countries could discourage recourse to such intrusive formulas. Nevertheless, it was appropriate for aid to be incorporated into national development strategies designed by the recipient countries themselves.

(11) With regard to the role of multilateral development banks, it was noted that the following tasks were relevant to MICs: (i) support for access by those countries to capital markets; (ii) support for the development of local financial markets; (iii) implementation of measures to strengthen the private sector; (iv) support for efforts to improve infrastructure; (v) financial support to local government — direct loans to local bodies under the supervision of the central Government; (vi) incentives for best practices to achieve greater efficiency in social expenditure; (vii) support for activities to promote technological innovation; and (viii) democratization of credit. The efforts that the World Bank was making in this area to define a strategy and some specific tools in respect of MICs were welcomed, and the review of the governance criteria of the development banks was considered highly important, allowing them to take on greater risks and promote increased technical cooperation.

Financial stability in middle-income countries

The following ideas arose from the debate on financial stability:

(1) The need to promote greater and more stable integration of MICs into international financial markets was stressed. Although it was agreed that currently more benign conditions existed in the capital markets, the view was expressed they did not benefit all countries and could not they be considered permanent. Some capital volatility continued to exist, and the risk of potential crises had not disappeared.

(2) It was agreed that capital markets tended to accentuate the procyclical thrust of macroeconomic policies. That affected MICs in particular, many of which were highly integrated into the capital markets but had weak regulatory frameworks, fragile institutions and a vulnerable currency. Therefore those countries needed more leeway to develop a countercylical macroeconomic policy, including alternatives in the areas of exchange, monetary and fiscal policies.

(3) It was felt that MICs were hampered by the incompatibility between the objectives of fixed exchange rates, full international capital mobility and sovereign monetary policy (the so-called "impossible trinity"). In order to overcome that incompatibility and make room for countercyclical action, on occasion it could be reasonable to resort to certain controls on the movement of capital.

(4) In order to gain room for manoeuvre, it was also considered important for MICs to have efficient national financial markets with some depth. Achieving such markets required democratizing credit by improving access by individuals to banks, increasing the efficiency of financial intermediaries and establishing an adequate regulatory framework allowing for the operation of market-generating institutions ("market makers"), such as pension funds or real estate investment funds.

(5) It was felt that, in an increasingly open environment, it was necessary to improve financial information in order to be able to develop effective economic policy responses; it was also essential for countries to maintain a healthy macroeconomic environment.

(6) International experience — especially the case of Asia — showed the importance of regional cooperation in the macroeconomic, financial and technical assistance areas in giving countries more autonomy in the design of their policies and increasing levels of security in the face of market volatility.

(7) Several delegations stressed the need to demand greater responsibility on the part of international financial agencies in their work of providing assistance and financing to countries. While the countries had work to do to improve their policies, the agencies should also undertake reforms and change past behaviours.

(8) Along those lines, it was felt that it was appropriate for the multilateral development banks to review the criteria of their soft loan windows in order to facilitate the transition of countries in the lower-middle-income category to the upper-middle-income category among MICs.

(9) Lastly, it was considered useful to convene a conference to debate financial volatility in MICs, its effects on growth instability and ways to reduce it.

Trade integration and competitive advantages of middle-income countries

The following views were expressed with regard to the trade integration of countries:

(1) It was stressed that one of the spheres in which the heterogeneous nature of MICs was expressed was in the conditions of their access to international markets. In that regard it was considered appropriate to distinguish between large-scale economies, countries with an abundance of valuable resources and countries with deficiencies in their international integration. In each of these groups the problems and needs were different.

(2) It was felt that for MICs as a whole, it was important for progress to be made in the Doha Round of trade negotiations, specifically in (i) the reduction of agricultural subsidies and the elimination of export subsidies (of any kind); (ii) the elimination of tariff peaks that the developed countries imposed on industries of interest for the manufacturing exports of MICs; and (iii) the need to put an end to the phenomenon of neo-protectionism and the presence of tariff barriers.

(3) Similarly, it was felt that the TRIPS and TRIMS agreements should be revised so that they would not prevent MICs from taking fuller advantage of the opportunities that foreign investment and dissemination of knowledge would open up for the development of an industrial strategy.

(4) Under the heading of trade, it was also considered appropriate to make progress towards a more precise definition of special and differentiated treatment for developing countries, one which would include a broader view of their circumstances and take into account their productive vulnerabilities.

(5) Other topics of interest also related to trade negotiations were: (i) the need to support the development of technical and institutional capacity in

developing countries, for which the "aid for trade" mechanism could be useful; and (ii) establishment of an effective commodity price stabilization mechanism.

(6) In order to develop competitive capacity, productive and technological change in MICs was considered crucial so that the countries could transition towards specialization in more dynamic sectors more conducive to the accumulation of technological capacity. MICs must have room for policies aimed at stimulation of national industry.

(7) In order to stimulate productive change and improve competitive capacity in middle-income countries, it would be necessary to support the efforts that MICs were making to improve infrastructure; the multilateral development banks could provide support in that area. By the same token, it was necessary to strengthen national science and technology systems in MICs and support their efforts to bridge the digital divide. In that area multilateral institutions — financial and non-financial — and the donors themselves could provide useful support.

(8) It was also noted that an important feature of the international integration of MICs was their status as the main sources of international emigration. It was felt that progress was needed towards regulation of the migratory phenomenon that would allow the positive potential of emigration to be used to full advantage (and its negative aspects avoided), both for the emigrants themselves and for their countries of origin.

(9) On that subject, the view was expressed that the financial institutions of developed countries should cooperate in reducing the transaction costs associated with sending remittances; and that both the host countries and the countries of origin should help to promote the most productive use possible of the savings of emigrants.

Social cohesion and democratic governance

The following were among the most significant views expressed concerning social cohesion and democratic governance:

(1) It was felt that one of the most serious problems faced by MICs was the need to build effective and credible institutions capable of articulating high-quality collective action. While support from international aid might be useful in meeting that goal, it should be understood that it was a long-term process that must basically be endogenous.

(2) Both for ethical reasons, relating to recognition of individual rights, and in order to firmly establish institutions and reduce insecurity and violence, there was a need to reduce the high levels of inequality and combat poverty in MICs.

(3) In order to move that process forward, it was felt that a more active distributive policy should be implemented, promoting access by the disadvantaged to education and health services and providing social protection networks for the poorest.

(4) Progress towards those goals required the establishment of an efficient and equitable tax system capable of providing the State with sufficient resources and combating tax evasion. Taxes must be legitimized in the eyes of the taxpayers through encouragement of greater accountability by public institutions to the citizenry.

(5) Although building such a tax system was the responsibility of MICs themselves, it was felt that donors could make a contribution through active efforts in the area of technical assistance and through support for strengthening the institutions responsible for tax collection and budgetary management.

(6) While efforts by MICs aimed at building universal social protection schemes, it was felt that the development of systems targeting the most disadvantaged sectors could help to reach that goal. Lessons learned from protection mechanisms with built-in incentives for change, such as the conditional cash transfers of Mexico's *Oportunidades* programme, were considered to be positive.

(7) Efforts to foster social cohesion were incomplete without simultaneous progress towards local empowerment and emphasis on the rights of people as opposed to institutions.

(8) Lastly, it was considered that a gender perspective should be maintained throughout the entire process, not only because women constituted the majority of the disadvantaged, but also because gender inequalities could be a factor in promoting inequality within the society.

Closing session

At the closing session, José Antonio Ocampo said that discussions throughout the Conference had not only confirmed, but also enriched, the thrust and contents of the report prepared by the sponsoring institutions. He noted the need to give take into account information beyond per capita income for a better classification of MICs on an international scale. He also noted the value of a new approach to the Millennium Development Goals, to incorporate new, stricter standards in the case of MICs. It was clear that donors should pay greater attention to the heterogeneity of MICs and should base their responses on gradation of aid (rather than graduation from aid), taking the relative vulnerability of MICs into account. He also referred to the need for MICs to deepen their local financial markets, make progress towards achieving more dynamic competitive advantages, develop further their technological capacities and take full advantage of the opportunities associated with the migration and the use of remittances. All those factors argued in favour of revising international cooperation instruments and redefining the actors' roles (for example, development banks could evolve into investment banks). He also emphasized aid exchange mechanisms as a means of enhancing human development and the importance of co-development programmes in countries affected by migration. Lastly, he made four comments on the situation of MICs: (i) the written — and unwritten — rules governing international markets could have a greater impact on MICs than direct transfers of resources; (ii) it should be borne in mind that MICs were agents of the global agenda and that their contribution was essential to an adequate provision of international public goods; (iii) consideration should be given to the many dimensions of regional cooperation, both as a means of strengthening support for the development efforts of MICs and to establish a better articulated system of international institutions; (iv) traditional concepts of cooperation differentiating between recipients and donors should be abandoned and efforts directed at strengthening frameworks, such as South-South cooperation, in which the MICs themselves would be involved in cooperation efforts, and expanding mutual learning opportunities, in accordance with the Monterrey Consensus.

Leire Pajín, Secretary of State for International Cooperation of Spain, made a concluding statement. She thanked the delegates for attending and for their work during the sessions of the Conference. The valuable discussions that had taken place attested to the interest the topic had aroused in the international community. The background document prepared for the Conference would serve as a guide for further reflection on cooperation with MICs. She also reiterated the Spanish Government's commitment to cooperating in support of the international community's efforts to develop, together with the countries concerned, an approach and modalities for cooperation with MICs. She announced that another Conference would be held the following autumn, hosted by the Government of El Salvador, for further work on analysing and defining international responses.

Conclusions

The Conference was convened on the basis of two assumptions: first, that cooperation with MICs requires cooperative efforts at the international level, a constructive dialogue in which MICs themselves play an active and leading role. Establishing a doctrinal framework for cooperation with MICs and defining its contents and most relevant instruments is a task that donors and recipients must share. Second, in order for the work to bear fruit, reflection and discussion must be based on a serious analytical effort aimed at precisely assessing the situation of MICs and defining the most appropriate response in each case. Any policy design process must include rigorous analysis to be successful. The sponsoring institutions therefore commissioned a broad study on the topic and prepared a background document as a basis for discussion, which was endorsed and enriched by the statements made during the Conference.

The following 10 points, which emerged during the debate, may serve as conclusions:

1. First, the statements made by the delegates, who included a significant number of ministers and deputy ministers, confirmed the timeliness of the conference. There was a shared conviction that the international community had not, to date, succeeded in developing adequately a *rationale and guidelines for cooperation to be provided to MICs and defining its content*. The efforts made to define an approach for aid to the least developed countries had not been accompanied by similar efforts to respond to the specific needs of the middle-income countries. The Conference underlined the need to bridge that gap, particularly if the goal is to develop a coherent and effective system of cooperation which will support countries in their development efforts and consolidate their achievements as they move along the path towards progress.

2. The Conference is merely the *beginning of a process which must be continued*. Although the main issues and strategic areas of action have already been identified, the ideas that emerged during the sessions pointed to a need for more detailed and in-depth study of the most appropriate responses in each case. A priority aspect is the identification of effective tools for combating poverty in MICs. This will facilitate decision-making with regard to both national policy and international cooperation. Perhaps a forthcoming meeting will provide the opportunity further to define the problems under review and continue these cooperative efforts.

3. *There are reasons why the international community should increase its support for the development efforts of MICs*. First, a large segment of the population lives in

conditions of poverty in these countries. According to the definition of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (DAC-OECD), over 40 per cent of the world's people living on less than two dollars a day live in MICs. Furthermore, owing to the particular vulnerabilities of MICs, international cooperation is needed to forestall losing ground in the economic and social progress already achieved. International cooperation also supports the decisive contribution made by these countries to the international system through the provision of regional and international public goods (or the prevention of potential public evils). It supports their capacity to promote growth in their respective regions and, ultimately, their contribution to stability, governance and progress throughout the world. Cooperation with this group of countries is also to be recommended with a view to establishing a coherent system of cooperation that provides incentives compatible with international development goals.

4. MICs are characterized by a high level of *heterogeneity*. It is significant that this group is defined by what they are not: they are neither the poorest nor the wealthiest countries in the world. Their diversity is striking: these countries are very different in size, characteristics and capacities. This suggests the unwisdom of a single diagnosis, or a uniform treatment. Within this middle-income group are five countries with a population of over 100 million people, while 33 others have populations of less than 2 million. In 2003, there was a wide divergence in per capita income, which ranged from $766 to $9,385. In some of these countries life expectancy approaches 75 years of age, whereas in others it barely reaches 50. Twenty-seven countries are small islands, whereas others have continental dimensions. Some have a wealth of natural resources, while others suffer from adverse geography. That diversity requires a more precise characterization of this large, heterogeneous group that will provide clearer guidance to donors. To that end, other factors need to be considered that go beyond a mere reference to per capita GDP.

5. In spite of this diversity, there are certain areas that call for *greater cooperation with MICs*. These areas relate to the specific vulnerabilities of MICs:

- First, the difficulties of consolidating *democratic governance* and establishing effective and credible institutions, which entails improving *social cohesion* within the country. To achieve both objectives, it is essential to establish a fiscal pact in these countries that can supply the State with adequate resources to provide social goods and that promotes adequate levels of equality;
- Secondly, the difficulties of achieving a *more stable integration into international financial markets*, which requires changes to the structure of international markets and development and expansion of national markets to go hand in hand. For similar reasons, these countries need room to develop a countercyclical macroeconomic policy;
- Lastly, the difficulties of establishing *productive and trade specialization in the most productive sectors*, to enable them to generate a dynamic process of technological development and to promote sustainable competitiveness in the countries.

In addition, significant migratory flows are another defining characteristic of MICs, and this suggests that it is necessary to find better ways of using remittances to promote development.

6. *Official development assistance (ODA) will always have a limited role in the finances of many MICs*. Other means of funding development, including those associated with trade, the transfer of technology, direct investment or access to private capital markets, will be more relevant. And just as important as ODA are the other components of international cooperation. It is therefore even more crucial to MICs to improve the levels of coherence among developed countries' policies.

7. The experiences and capacities of MICs can have a positive impact on the progress of other countries with a similar or inferior level of development. One of the most promising ways of promoting international cooperation is to *increase support for South-South cooperation through horizontal and triangular cooperation modalities*. Support for regional cooperation processes in the fields of macroeconomic dialogue, financial cooperation or technical assistance are vital to the progress of MICs. It should therefore be possible to rethink the development cooperation system and to replace an excessively dual structure that makes a sharp distinction between donor and recipient with a system in which countries gradually become involved in cooperation tasks, even when they are the recipients of aid.

8. Changes to the international regulatory frameworks within which they operate are as important as bilateral action to MICs. One of the avenues for promoting cooperation with MICs should be *to promote changes to the regulatory frameworks in the fields of trade, finance and technology transfer* so that international regimes offer greater opportunities to developing countries. Various obstacles in the international regulatory frameworks impede these countries in making headway in the process of the sustainable consolidation of development efforts, and it is necessary to work on removing those obstacles. It is therefore crucial for MICs to be better represented in the governing bodies of multilateral institutions.

9. Given that MICs and the poorest countries require different evaluations and cooperation arrangements, *cooperation instruments* can be different. The efforts undertaken by the World Bank and other multilateral institutions to adapt their instruments to the specific realities of MICs are most welcome. More precisely, the more comprehensive and intrusive cooperation instruments, such as the Poverty Reduction Strategies, may not be the best answer in many MICs. It is perhaps necessary to work with greater flexibility and with a more targeted approach to allow for dialogue based on the central principle that should govern aid, that of ownership.

10. Lastly, the achievement of the international community's development agenda, especially the Millennium Development Goals, is the responsibility of all. *In the case of MICs, it may be possible to go beyond the Millennium Development Goals*, among other reasons, because their level of progress necessitates working with a more complex and ambitious development agenda. This idea was expressed by a number of delegations. The donor community should be sensitive to this fact and should establish clear criteria for providing aid and international support that take into account the progress made by MICs in the various areas of their own agendas.